

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Approval of Minutes of October 11, 2001 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: December 6, 2001

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the October 11, 2001, Budgets and Audits Committee meeting.

PROPOSED
MINUTES OF THE
BUDGETS AND AUDITS COMMITTEE
OF THE
TEACHERS' RETIREMENT BOARD
THURSDAY, OCTOBER 11, 2001
BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA

COMMITTEE MEMBERS PRESENT

George Fenimore, Chairperson
Karen Russell
Jay Schenirer
Carolyn Widener
Louis Willhoit, representing the State Controller, Kathleen Connell
Jennifer DuCray-Morrill, representing the State Treasurer, Philip Angelides
Annette Porini, representing the Director of Finance, B. Timothy Gage

OTHER BOARD MEMBERS PRESENT

Gary Lynes
Marty Mathiesen

STAFF PRESENT

James D. Mosman, Chief Executive Officer
Christopher J. Ailman, Chief Investment Officer
Christopher Waddell, Chief Counsel
Peggy Plett, DCEO, Administration
Michael Carter, DCEO, Client Benefits and Services
Laurence Martin, DCEO, Information and Financial Systems
Ed Derman, DCEO, External Affairs and Program Development
Way Lee, Director, Office of Audits
Mary Miles, Administrative Assistant

OTHERS PRESENT

Dorothy Moser, CTA/NEA-R	Loretta Toggenburger, UTLA-R
Beverly Carlson, CTA	Zoe Ann Murray, CRTA
Ellen Logue, CTA/NEA-R	Edna White, CRTA
Michael Green, CTA	

A quorum being present, Chairperson Fenimore called the meeting to order at 8 a.m.

II. **APPROVAL OF MINUTES OF JULY 12, 2001 MEETING**

MOTION duly made by Ms. DuCray-Morrill, seconded by Ms. Porini, and carried to approve the Minutes of the July 12, 2001 meeting.

III. **ANNOUNCEMENTS**

There were no announcements.

IV. **2000/2001 FINAL BUDGET REPORT** (Item 6)

Ms. Plett reported that invoices are still being received and anticipates a small carryover into the next year.

V. **2001/2002 BUDGET STATUS REPORT**

Ms. Plett brought recommendations to the Committee to address the anticipated budget deficiency for the current year. Discussion ensued.

MOTION duly made by Ms. Widener, seconded by Ms. Russell, to adopt Recommendation 2 which would authorize staff to go forward with a deficiency, redirecting the entire Corporate Imaging BCP which would make the deficiency request approximately \$5,500,000. Roll Call:

Ms. Russell	Yes	Mr. Willhoit	No
Ms. Widener	Yes	for the State Controller	
Ms. Porini	Abstain	Ms. DuCray-Morrill	No
for the Director of Finance		for the State Treasurer	
		Mr. Fenimore	Yes

Motion failed.

Staff was instructed to bring this item back to the Committee for further discussion in November and include a potential impact on service levels if no action is taken.

Mr. Schenirer arrived at 8:34 a.m.

Ms. Toggenburger, representing UTLA-Retired, requested that the Committee approve the increase of funds to upgrade the services to the members.

MOTION duly made Ms. DuCray-Morrill, seconded by Ms. Porini, and carried to reconsider the previously failed motion to redirect the Corporate Imaging BCP.

MOTION duly made by Ms. Widener, seconded by Ms. Russell, to adopt Recommendation 2 which would authorize staff to go forward with a deficiency, redirecting the entire Corporate Imaging BCP which would make the deficiency request approximately \$5,500,000. Roll Call:

Ms. Russell	Yes	Mr. Willhoit	No
Mr. Schenirer	Yes	for the State Controller	
Ms. Widener	Yes	Ms. DuCray-Morrill	No
Ms. Porini	Abstain	for the State Treasurer	
for the Director of Finance		Mr. Fenimore	Yes

Motion carried.

VI. **2002/2003 BUDGET** (Item 4)

PROPOSED BUDGET: Ms. Plett presented the Proposed Budget for the 2002/2003 fiscal year. Discussion ensued regarding the individual proposals. Mr. Carter provided background information on proposals 18a, b, c and d. Ms. DuCray-Morrill requested that BCPs 8 and 9 be separated from the rest of the proposals.

MOTION duly made by Ms. DuCray-Morrill, seconded by Ms. Widener to approve the Budget Change Proposals, excluding BCPs 8 and 9, with a reduction to \$500,000 for Corporate Imaging (BCP 10A) and to remove BCP 16.

Ms. Russell	Yes	Mr. Willhoit	No
Mr. Schenirer	Yes	for the State Controller	
Ms. Widener	Yes	Ms. DuCray-Morrill	Yes
Ms. Porini	Abstain	for the State Treasurer	
for the Director of Finance			

Motion carried.

MOTION duly made by Mr. Schenirer, seconded by Ms. Widener, to approval Budget Change Proposals 8 and 9.

Ms. Russell	Yes	Mr. Willhoit	No
Mr. Schenirer	Yes	for the State Controller	
Ms. Widener	Yes	Ms. DuCray-Morrill	No
Ms. Porini	Abstain	for the State Treasurer	
for the Director of Finance		Mr. Fenimore	Yes

Motion carried.

PROPOSED BUDGET CONTROL LANGUAGE: Staff was directed to bring this back to the Committee at its next meeting.

VII. **QUARTERLY AUDIT STATUS REPORT**

Mr. Lee presented this item.

VIII. **SCHOOL DISTRICT FINAL REPORTS AND COMPLIANCE FINAL REPORTS**

Mr. Lee presented the Final Reports for the San Francisco Unified School District, West Contra Costa Unified School District, and Hayward Unified School District.

IX. **SCHOOL DISTRICT AUDITS FOLLOW-UP STATUS REPORT**

Mr. Lee presented this item.

X. **INTERNAL AUDITS FOLLOW-UP STATUS REPORT**

Mr. Lee presented this item.

XI. **DRAFT AGENDA FOR THE NEXT COMMITTEE MEETING**

Staff was directed to include an item on the Proposed Budget Control Language.

XII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no statements.

XIII. **ADJOURNMENT**

Chairperson Fenimore adjourned the Committee meeting at 9:40 a.m.

James D. Mosman, Chief Executive Officer
and Secretary to the Teachers' Retirement Board

George Fenimore, Chairperson